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THE SOVIET COURTSHIP OF INDIA

- I. In a major Communist effort aimed at the belt of needy nations stretching across South Asia--an area with more than 700 million people; about 30 percent of world population--India is the most desired and most immediate target.
 - A. In terms of money, India is receiving lion's share of Soviet largess,--well over \$100 million, on easy terms, low interest.
 - B. The steel mill deal seems certain.
 1. USSR extending credit for about \$95 million worth of equipment payable in either Indian currency or goods in 12 equal installments at 2 1/2 percent.

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- C. Moscow also contracting with India to furnish technical aid and money to explore for oil, coal and diamonds and set up plants in return for share in output.
 - 1. Worth noting Bloc has no domestic source for diamonds which it needs badly.
- D. Bloc also negotiating with India on cements plant, dried milk plant, caustic soda plant, coking plant, zinc smelter, explosives plant, several power plants, and sugar mill.
- E. Bulganin-Khrushchev visit beginning 18 November widely expected to result in some dramatic offer, possibly aid on India's five-year plan.
- F. Soviet trade with India in 1954 double that in 1953 and still rising.

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1. Indians have always been generally willing deal with Bloc, but only since beginning of 1954 have Soviet performances measured up to promises



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H. Soviet offers enable India and other soft currency nations to conserve scarce foreign exchange.

1. Soviets build up credits in these currencies.



- I. Such credits in local currencies can be used as chests by Soviets to finance any activity within country they might choose.